

MINUTES OF THE CITY COUNCIL

CITY OF AUSTIN, TEXAS

Special Meeting

4:30 P. M.

May 29, 1973

COUNCIL CHAMBERS, CITY HALL

The meeting was called to order with Mayor Butler presiding.

Roll Call:

Present: Councilmen Dryden, Binder, Lebermann and Mayor Butler

Absent: Councilmen Handcox, Friedman and Mayor Pro Tem Love

Mayor Butler announced this was an emergency called meeting concerning the recent gas curtailment and fuel oil supplies, for the purpose of discussing the matter and the order of the Railroad Commission.

The Electric Utilities Director, Mr. Hancock; City Attorney Butler; and Mr. Solon Bennett, Purchasing Director, met with Coastal States to receive a proposal for the provision of additional fuel oil supplies to the City of Austin. There are commitments for No. 5 fuel oil, but not any contracts for sustained delivery of No. 2 fuel oil. The voluntary conservation is still below the required 30%. There are serious maintenance problems with the fuel oil.

There are five recommendations by the City Manager: (1) for the Purchasing Director to outline details of a contract for purchase of additional fuel oil; (2) for the City Council to authorize the City Attorney to continue to represent Austin before the Railroad Commission hearing set for June 13, and at any other time that might be required; (3) for the Mayor and Council to continue the appeal to citizens and customers to conserve energy; (4) for authorization to put into action appropriate rate adjustments; (5) for authorization to proceed with submission of names of firms that can be considered by the Council to undertake a comprehensive study of the rate structure for the electric utility system in view of these unusual factors. Councilman Dryden moved the Council approve the recommendations as detailed above. The motion, seconded by Councilman Lebermann, carried by the following vote.

Ayes: Councilmen Dryden, Binder, Lebermann and Mayor Butler

Noes: None

Absent: Councilmen Handcox, Friedman and Mayor Pro Tem Love.

The City Attorney pointed out that the agreement with Coastal States would provide that the City would not withhold payment for the oil from their gas payment, as in the past. They have agreed to that without waiver of the City's right to collect later. Coastal States will deliver 90,000 gallons of No. 2 oil per day for six months. This does not affect the Tesoro Contract. The present

curtailment of power was handled with natural gas, fuel oil and power purchased from neighboring utilities, which have furnished from 23% to 31% of the power used.

The City Attorney updated the Council on events before the Railroad Commission. Coastal States was directed to give the City some relief, which they were not able to do right away because of the effect on the chemical and refining industries. This relief would be forthcoming shortly. However, this was a re-allocation of present gas supplies and the industries will certainly present their position as to the economic effects of these changes in priorities. This is a very difficult and complex matter that effects the economy of almost the entire state. The Railroad Commission has asked that the City do all it can to curtail consumption, which is not to a satisfactory level as yet. The City needs to find new sources, and it is imperative that inventories of fuel oil be replaced for the summer peaks. As an example of the problems of burning fuel oil, two generators have been shut down for repairs at the Holly Plant. There is a level that the system can tolerate but 50% curtailment is too severe.

There was a discussion as to how much electric rates were going up. The price of energy would go up .016 cents per kilowatt hour; however, the cost of fuel oil to generate the same amount of electrical energy would be approximately 5 to 7 times as much. It was pointed out by the City Manager that rate adjustments are really a short term solution. The comprehensive study recommended would be a long term solution. This is a very serious crisis and could have a detrimental effect on those who are not in Austin yet and a serious economic effect to those who are.

The price per gallon of No. 2 fuel oil from Coastal States is 17½¢, subject to an escalator clause. This is an option for 90,000 gallons of No. 2. There is also an option for 90,000 gallons of No. 5 fuel oil. This will be reviewed every 30 days for requirements for the following months. Requests had been made to other gas companies, but they felt their customers came first. It was noted that Congressman Pickle was doing what he could to find other possible sources of energy supply. The Energy Study Committee would give their report May 30. It was hoped there would not be involuntary rationing or cut-backs, but it was a possibility. For this reason it would be necessary to keep the fuel oil inventories high. This fuel oil from Coastal States would help. The City Attorney noted that Austin will have consultants at the Railroad Commission hearing. These consultants would also represent Southern Union, LCRA and the City of San Antonio.

ADJOURNMENT

The Council then adjourned.

APPROVED:

Ray Butler
Mayor

ATTEST:

City Clerk